

iCash Payment Systems Limited

ABN 87 061 041 281



Company Announcements
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000
Via e-lodgement

ASX Release
28 February 2011

Half Year Results 31 December, 2010

- Revenues up 166% to \$38.4m,
- Underlying NPAT up 117% to \$4.4m
- Underlying NPAT (att. to members) up 40% to \$2.6m
- Net debt declined from \$5.8m to \$0.4m
- Cashflow from operating activities of \$6.4m
- 79% of Group revenues derived from Asia
- 63% of underlying NPAT derived from Asia

Sydney, Australia 28 February 2011: iCash Payment Systems Limited (ASX: ICP) reports an underlying net profit after tax attributable to members of \$2.6m, an increase of 40% when compared to the previous corresponding period (pcp). This represents 77% of earnings guidance to the half year. Our Asian businesses contributed 63% of these profits.

Underlying net profit after tax has been normalised to exclude \$0.7m of non-recurring corporate costs (net of tax) incurred in connection with maximising the value of the Company's investment in NeoICP. These costs were expensed through the Australian operations.

Revenues rose by \$23.9m or 166% to \$38.4m with 79% of these revenues derived from Asia.

Underlying EBITDA rose by \$4.6m or 151% to \$7.7m due to an increase in sales of high margin products, rising recurring revenue streams, on-going manufacturing efficiencies, and reduced supply chain costs from our Korean operations.

Underlying EBIT margin was maintained at 16%. Net profit margin declined to 7% reflecting increased tax incurred by NeoICP of \$1.4m (pcp: nil).

Operating cashflow of \$6.4m was driven by a strong profit result, and improved inventory and receivables management. This enabled the Company to reduce net debt from \$5.8m to \$0.4m.

Commenting on the results, iCash Executive Chairman, Mr James Manny says, "In Korea, the result reflects the success of our vertically integrated model that has seen revenues more than quadruple since 2009. In Australia, the result is satisfactory given the strong competition from new and existing participants and a generally weak retail sector."

Group financials are set out below.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
PROFIT AND LOSS				
Revenue	14.4	28.0	38.4	166%
EBITDA	3.1	3.5	7.7	151%
EBIT	2.2	2.2	6.0	168%
NPAT (consolidated) ⁽¹⁾	2.0	2.0	4.4	117%
NPAT (underlying) ⁽²⁾	1.9	1.8	2.6	40%
NPAT (att. to members) ⁽³⁾	1.9	1.8	1.9	2%
EPS ⁽²⁾	2.5	2.1	3.0	20%
EBITDA Margin	21%	12%	20%	
EBIT Margin	16%	8%	16%	
Net Margin	13%	6%	7%	
BALANCE SHEET				
Total Assets	46.5	58.2	61.1	5%
Net Assets	33.3	38.1	45.6	20%
Intangible Assets	17.6	23.1	25.6	11%
NTA per Share	\$0.19	\$0.18	\$0.22	19%
Net Debt	\$1.1	\$5.8	\$0.4	
Net Debt / Shareholders Funds	3%	15%	1%	
Operating Cashflow	(2.0)	(0.4)	6.4	1700%

- (1) Assumes 100% ownership of NeoICP
(2) Exclude \$0.7m of non-recurring corporate costs (net of tax)
(3) Profit attributable to owners of the parent

Korean Operations

Revenues increased by \$23.2m or 281% to \$30.3m and EBIT increased by \$4.5m or 769% to \$5.0m. Of this, \$2.4m or 8% of revenue was recurring in nature representing service and maintenance agreements of up to seven years held with our customers.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
Sales	8.0	20.1	30.3	281%
EBIT	0.6	1.5	5.0	769%
EBIT Margin	7.3%	7.5%	16.7%	128%

NeoICP's advanced payment solutions successfully targeted 3 vertical markets (banks, small retailers, large retailers) with 3 product families (cash recycling machines, back office machines, ATMs) to 7 main customers.

For the full year FY11, NeoICP will manufacture over 3,500 ATMs, equivalent to 13% of the total Australian ATM market or 25% of the Australian non-bank ATM market. Added to this is the manufacture of over 2,000 cash recycling machines and over 130 back office machines.

Each of these integrated electronic payment solutions is designed to automate the daily cash settlement, banking, reconciliation and accounting procedures of our customers, for whom our products generate new revenue streams and reduce administrative costs.

Australian Operations

Revenues increased by \$1.6m or 25% to \$8.1m and EBIT decreased by \$0.7m or 41% to \$1.0m. Of this revenue, we consider \$5.0m or 62% was recurring in nature, represented by five year operating contracts held with most of our customers and a re-sign rate of around 90% at contract maturity.

(\$m)	Dec-09	Jun-10	Dec-10	% Change
Sales	6.5	7.9	8.1	25%
EBIT	1.7	0.7	1.0	-41%
EBIT Margin	26%	9%	12%	-53%

Transaction volumes processed was 2.8m, a decline of 3% when compared to the pcp.

Margins were impacted by price competition by new entrants, a softening of the retail sector, and costs associated with upgrading our fleet to accommodate our new remote ATM software known as iRAMS (iCash Real-Time ATM Monitoring Solution).

iRAMS allows ATM operators to monitor, in real-time, over 65 diagnostic parameters of an individual ATM or fleet of ATMs using any web enabled PC, Blackberry or Apple iPhone. This information is displayed visually and reduces operating and service costs for both iCash and its customers. iRAMS also allows our customers to easily create screen-based marketing and advertising campaigns that can benefit their business. The software strengthens iCash's ability to compete on product functionality and other non-price related factors when tendering for new business.

The recent implementation of revised pricing structures across the fleet will contribute to margin recovery in the second half year and beyond.

Outlook

The Group is confident that the continued pursuit of its strategic growth platform to increase its footprint across Asia will deliver strong revenues and profit growth in the second half of the financial year.

This commentary should be read in conjunction with the separate announcement made today by iCash titled, "Half Yearly Report and Accounts December 2010".

For more information please contact:

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About iCash Payment Systems Limited

iCash is a vertically integrated ATM and electronic payments business and has designed, manufactured and sold more than 13,000 installations in Asia Pacific since 2001. Our global product range includes ATMs, multi-function kiosks, automated cash sorting devices, complete public transport ATM solutions, switching and software solutions, and integrated settlement and back office automation systems.

Our global Head Office is in Sydney supporting the ownership of an Australia-wide ATM network of over 1,500 machines. Other services include repair and maintenance facilities, training and on-going technical support. Our payments infrastructure includes transaction processing, switching, and advanced software payment solutions that augment our ATMs.

The Company's South Korean operations – home to iCash's research and development facilities, underpins the company's expansion across Australasia.

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